



MONTANA
QUALITY EDUCATION
COALITION

EXHIBIT 3
DATE 3-7-07
HB 809

**TESTIMONY ON HB 809 – Rep. William Glaser
House Appropriations Committee
March 7, 2007**

Chairman Sinrud and members of the committee, for the record, I am Pete Carparelli, Executive Director of the Montana Quality Education Coalition. **I appear on behalf of MQEC and as an opponent of HB809 sponsored by Representative Glaser.**

As you know, the goal of the Montana Quality Education Coalition is adequate stable on-going funding for quality public K-12 education as defined in 20-9-309 MCA passed by the Montana Legislature in 2005 and as assured by the Montana Constitution. MQEC is evaluating legislation proposed during the 2007 Legislature, and will support such legislation that effectively addresses one or more of the requirements of 20-9-309 MCA, meets the state's constitutional obligation to adequately fund our public K-12 school system, and does not detract from existing effective funding mechanisms. MQEC has also provided information to assist the Legislative and Executive branches in their considerations of proposed legislation dealing with funding for Montana's public elementary and secondary schools. The most extensive and important piece of information that MQEC has provided to you has been the adequacy report, Estimating the Cost of an Adequate Education in Montana that was delivered to you on January 19, 2007. In addition, on February 23, 2007 MQEC signed on to a document outlining the Education Community Consensus on K-12 Funding Proposals; I am providing that to you as part of my written testimony.

MQEC honors the Court's recognition of the legislature's right to phase in a remedy over time, and MQEC supports legislation as part of a phase-in remedy that explicitly prescribes a cost-based approach and leads to a defined funding goal over a specified period of time.

MQEC opposes legislation that is not consistent with 20-9-309 MCA and the Court's decision, detracts from other effective funding mechanisms, or ignores data and information provided in the Adequacy Report I have already mentioned.

Today, MQEC opposes passage of HB 809, because we have determined that it does not satisfy our criteria for adequate stable on-going funding of quality K-12 public schools in Montana. In fact, relative to the encouraging movement forward made by the 2005 Legislature toward adequate funding, HB809 looks like two steps back to 2003.

It seems that HB809 returns school funding to a structure that is no better than that which was put into effect in 2003 when a three-year rolling ANB and inflationary adjustments on some funding elements were introduced. It appears that HB809 takes back gains toward adequate funding made during the 2005 Legislative Sessions, and moves school funding in the wrong direction. I refer here first to the loss of the Quality Educator Payment, an excellent formula element instituted in 2005. MQEC believes that the Quality Educator Payment more accurately reflects the cost of delivering several educationally relevant factors than does heavier reliance on ANB or its derivative classroom units. This funding entitlement does a better job of smoothing out the negative effects of declining enrollment in our smaller rural schools. **It is our belief that, adequately funded, the Quality Educator Payment is the single most effective element to bring about adequate funding in the future, and addresses several sections of 20-9-309.**

Secondly, I refer to the apparent loss of inflationary adjustments for several entitlements that had been adjusted by actions of the 2005 Legislature. It appears that this bill applies the inflationary adjustment only to Base Aid and Special Education. When inflationary adjustments do not apply to all costs of educationally relevant factors and fixed costs of support functions and structures, funding slips backwards each year. Couple the lack of adjustment with the ever-increasing costs of inflation, and the slide is significant. Beyond restoring the loss of an inflationary adjustment to several funding elements, MQEC recommends **application of inflationary adjustments to all entitlements and other on-going elements of school funding. This would address Section 4Biii of 20-9-309, providing for a "funding formula that is self-executing and includes a mechanism for annual inflationary adjustments."**

It also appears that funding levels provided in 2005 for Indian Education for All, At-Risk Students and the Indian Achievement Gap will be lost if HB809 is passed. This seems to be a significant retreat from previous legislative efforts to address these statutory and constitutional obligations. We strongly recommend restoration of those elements with adequate funding and inflationary adjustments attached if there is to be hope of addressing adequate funding.

Now, Chairman Sinrud and Committee members, that just brings us back to 2005. It appears that HB809 has eliminated several funding components of HB2 that we think also go the next step toward adequacy in school funding. Voluntary full-time Kindergarten is the key component missing from HB809. Full-time Kindergarten is the foundational and proactive element of all of our work to address special needs – including those of at-risk, Special Education, gifted and talented, limited English proficient, and Native American learners. Loss of HB2 funding for a School Facilities Trust Fund is another omission in HB809 that, although not large in comparison to other program cuts, postpones important steps toward what will surely be a monumental cost in the future, and another component of funding addressed in 20-9-309 MCA.

Other bills have brought forth excellent proposals that could move Montana forward in the direction of adequate funding. HB515 by Rep. Glaser, providing funds for distance learning technologies, SB56, by Senator Ryan, restoring federal funds to direct student service, HB363, by Rep. Ward, enabling funds you appropriate to be used more directly to benefit students, are just some of the good bills that should be reflected in a budget bill for K-12 Education. Consideration of their positive contribution to adequate funding is conspicuously absent from HB809.

Although not directly tied to the mission of MQEC, funding cuts to the Office of Public Instruction cause us great dismay. The decimation of Indian Education for All funds alone is about 10% of the current OPI budget. Regarding OPI's request for funding for proposed services to our state, especially to the small, rural, and less wealthy districts, can anyone really imagine an effective state department of education without curriculum specialists in the area of basic skills? The fact that that portion of the OPI budget does not show up in HB809 seems to indicate that quality is not a consideration in this K-12 budget.

Chairman Sinrud and members of the committee, MQEC suggests to you that HB 809 as it now exists does not reflect the best thinking on the best information available, and does not move us forward toward a remedy that could end litigation and assure quality education in our state. MQEC stands ready to accept Chairman Sinrud's invitation to sit down, share good data and information, and to fashion a K-12 funding bill that reflects the costs of delivering quality education to Montana's children, reaches across partisan agendas, and may make litigation an unnecessary avenue for all of us. MQEC sincerely returns the same invitation to you and your colleagues in both houses of this 60th Legislative Assembly.

2007 Legislative Agenda

Quality Schools for Every Montana Child



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The Montana Quality Education Coalition will play an assertive role during the 2007 Legislative Session. MQEC will be consistent with the positions it took during the 2005 regular and special legislative sessions, and will be consistent with the requirements set by the 2005 Legislature in Senate Bill 152, now 20-9-309 MCA.

MQEC will evaluate legislation proposed during the 2007 Legislature, and will support such legislation that adequately addresses the requirements of 20-9-309 MCA and meets the state's constitutional obligation to adequately fund our public K-12 school system. MQEC will oppose legislation that is not consistent with 20-9-309 MCA and the Court's decision.

MQEC offers its 2007 Legislative Agenda, not as a complete list of legislative elements that will assure adequate funding, but as a guideline by which to measure progress toward a system of adequate funding. MQEC will consider evidence of progress toward adequacy as legislation that:

1. **provides funding that is cost-based and is adequate to satisfy the definition of quality public elementary and secondary schools provided in 20-9-309 MCA.**
 - MQEC has provided an updated adequacy study to the State's Legislators and other policy-makers in order to assist with the process of writing and enacting cost-based funding legislation.
 - MQEC asks the Legislature to honor its own codification of education laws (especially 20-9-309 MCA), and apply the cost-based information provided in the adequacy study to the laws it has already enacted.
2. **enhances funding through a predictable, phased and stable process that meets the State's statutory and constitutional obligations, and that assures adequate future funding for the education of the children of the State of Montana.**
 - MQEC honors the Court's recognition of the state's right to phase in any remedy over time. MQEC will support a phase-in remedy that explicitly prescribes a cost-based approach and leads to a defined funding goal over a specified period of time.
 - MQEC believes that suitable annual inflation factors for all elements of the funding system should be included as an essential first step of any phased remedy.
3. **moves forward with plans for addressing the costs of school facilities.**
 - MQEC requests that the legislature extend the one-time facility funding appropriations made during the 2005 special session until the State completes its facilities study and devises a system for statewide capital needs.
 - MQEC believes that the State should provide a suitable inflation adjustment to this amount for FY 2009 and for subsequent years until the statewide system is implemented.

Education Community Consensus on K-12 Funding Proposals - February 23, 2007

The education community has carefully considered and is united behind the funding proposals referenced on this page. Taken together, these funding proposals will provide school districts with the funds necessary to continue to progress toward the provision of an education that is worthy of the definition of the basic system of free quality schools under section 20-9-309, MCA. These proposals represent our collective expectations and hopes for the 2007 Legislative Session. This is a unified proposal that is supported by the Superintendent of Public Instruction, the Board of Public Education, the Montana Quality Education Coalition, the Montana Rural Education Association, MEA-MFT, The Montana Association of School Business Officials, the School Administrators of Montana, and the Montana School Boards Association.

Item	FY08 Cost	FY09 Cost	Biennial Cost
Inflationary Adjustments of 2.76% and 3% for all general fund entitlements and present law and inflation for special education	\$17,616,672	\$33,699,258	\$51,315,930
Fulltime Kindergarten *	\$12,855,867	\$14,881,346	\$27,737,213
Increase quality educator payment by \$2,000 in FY08 and by another \$2,000 in FY09	\$24,715,598	\$49,431,196	\$74,146,794
Reverse Retirement Restriction for Employees Paid with Federal Funds	\$3,182,403	\$3,277,875	\$6,460,278
Intervention strategies (e.g. could be used for early childhood in elementary grades, dropout retrieval in the high schools, etc.) funding at greater of \$100 per ANB or \$1,000 (inflation-adjust in second year).	\$14,600,000	\$15,038,000	\$29,638,000
Competitive grants administered by OPI for early childhood education	\$2,773,721	\$2,773,721	\$5,547,443
Fund Gifted and Talented Funding at greater of \$35 per ANB or \$350 (inflation-adjust in second year)	\$4,501,624	\$4,457,684	\$8,959,308
Increase funding for Indian Education for All to the greater of \$50 per ANB or \$1,000	\$4,329,390	\$4,286,770	\$8,616,160
Provision of a distance learning technology payment of \$250 per pupil for 135 hours of instruction or \$500 for 270 hours of instruction.	\$161,250	\$325,000	\$486,250
Teacher Loan Repayment Program	\$324,000	\$675,000	\$999,000
Increase Rate of Reimbursement for Transportation and Provide State Reimbursement of Mileage within 3 Mile Limit	\$1,813,155	\$1,813,155	\$3,626,310
ESTIMATED TOTAL**	\$86,873,680	\$130,659,005	\$217,532,686

* We also support OTO startup funds of \$10 million as proposed by Superintendent McCulloch

** In addition to the funding increases supported above, we request that, in considering taxes, the Legislature and Governor should reflect on historic trends in taxation that have placed a disproportionate burden for funding schools on property taxpayers.